## Contract Awarded for Final Phase of Water Treatment Plant

## *Lewis & Clark’s Federal Funding Ceiling Increased by $131 Million*

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Lewis & Clark’s Board of Directors awarded a $103,669,000 contract to PKG of Fargo for the third and final phase of its water treatment plant near Vermillion, SD. Phase 3 is needed for the full buildout of the plant in order to provide the 20 member cities and rural water systems with their combined reserved capacity of 44.19 million gallons a day (MGD). “Not accounting for the time value of money, this is by far the largest contract Lewis & Clark has ever awarded. Phase 2 of the treatment plant awarded in 2009 had a $66.6 million price tag,” said Executive Director Troy Larson.

The bid opening was held on March 21. PKG’s base bid to complete the Base System portion of the plant was $85,462,100. An $18,206,900 bid alternate for a second three million gallon clearwell was also awarded, which is part of an expansion to 60 MGD. Non-federal funds will be used for the clearwell portion of the project. Some of the other main components of Phase 3 include two more solids contact basins, a second gravity thickener and another lime slaker.

Construction is expected to begin this spring. There is an interim deadline for the clearwell since South Dakota ARPA funding that needs to be spent by the end of 2026 will cover a portion of the cost. The substantial completion deadline for the rest of the project is October 2027.

The engineer’s estimate was $69,628,000 for the base bid and $17,306,000 for the bid alternate; a total of $86,934,000. “Only one bid was received and it was much higher than expected. Disappointing but not surprising given the current bidding environment where contractors have their hands full due to the influx of infrastructure bill and ARPA funding. It was hard for us to imagine being in a better spot if we rejected the bid and re-bid the project, but an excellent chance we would end up in a worse position given the other large scale projects being bid very soon in the region,” said Executive Director Troy Larson.

On a related note, compared to its remaining federal funding ceiling balance as of October 1, 2022, Lewis & Clark received notification from the Bureau of Reclamation on March 20 that its ceiling has been increased by an additional $131 million to account for the increased cost of construction through the years. This is a process known as project specific indexing that Reclamation does toward the end of construction for systems to account for the funding needed to complete what Congress has authorized. Going forward Reclamation will now recalculate the remaining federal funding ceilings every five years, so there will be more frequent but smaller adjustments for systems. “Lewis & Clark will be eligible for project specific indexing again in October 2027. It is not expected to be needed, even with the higher than expected bid for Phase 3, but good to know just in case,” said Larson.

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